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Sectoral policy questions

Report of the Second Committee

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I. Introduction

1. At its 9th plenary meeting, on 11 September 2000, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its fifty-fifth session the item entitled:

"Sectoral policy questions:

"(a) Industrial development cooperation;

"(b) Business and development"

and to allocate it to the Second Committee.

2. The Second Committee considered the item at its 21st, 32nd, 34th, 40th and 41st meetings, on 23 October, 8 and 15 November and 1 and 6 December 2000. An account of the Committee's discussion of the item is contained in the relevant summary records (A/C.2/55/SR.21, 32, 34, 40 and 41). Attention is also drawn to the general debate held by the Committee at its 3rd to 7th meetings, on 2, 3 and 5 October (see A/C.2/55/SR.3-7).

3. For its consideration of the item, the Committee had before it the following documents:

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Letter dated 5 May 2000 from the Permanent Representative of Nigeria to the United Nations addressed to the President of the General Assembly, transmitting the Declaration and the Programme of Action adopted by the South Summit of the Group of 77, held at Havana from 10 to 14 April 2000 (A/55/74)

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Letter dated 28 June 2000 from the Permanent Representatives of Egypt and Indonesia to the United Nations addressed to the Secretary-General, transmitting the joint communiqué of the Tenth Summit of the Heads of State and Government of the Group of Fifteen, meeting in Cairo on 19 and 20 June 2000 (A/55/139-E/2000/93)

(a) Industrial development cooperation

Note by the Secretary-General transmitting the report of the Director-General of the United Nations Industrial Development Organization on industrialization for development (A/55/356)

(b) Business and development

Report of the Secretary-General on the prevention of corrupt practices and illegal transfer of funds (A/55/405)

4. At the 21st meeting, on 23 October, introductory statements were made by the Assistant Director-General of the United Nations Industrial Development Organization, under the sub-item (a), and the representative of the United Nations Conference on Trade and Development under sub-item (b) (see A/C.2/55/SR.21).

II. Consideration of proposals

A. Draft resolutions A/C.2/55/L.22 and A/C.2/55/L.42

5. At the 32nd meeting, on 8 November, the representative of Nigeria, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Industrial development cooperation" (A/C.2/55/L.22), which read:

"*The General Assembly*,

"*Recalling* its resolutions 46/151 of 18 December 1991, 49/108 of 19 December 1994, 51/170 of 16 December 1996 and 53/177 of 15 December 1998 on industrial development cooperation,

"*Recognizing* the increasing role of the business community, including the private sector, in enhancing the dynamic process of the development of the industrial sector,

"*Alarmed* by the inaccessibility of technological gains to developing countries,

"*Taking note* of the report of the Director-General of the United Nations Industrial Development Organization,

"1. *Reiterates* that industrialization is a key element in the promotion of the sustainable development of developing countries, as well as in the creation of productive employment, eradication of poverty and facilitation of social integration, including the integration of women into the development process;

"2. *Stresses* the importance of domestic industrial transformation in developing countries as a way of increasing the value added of their export

earnings, so that they may benefit fully from the process of globalization and trade liberalization;

"3. *Recognizes* the need for industry to play an enhanced role in fighting the marginalization of developing countries;

"4. *Underlines* the importance of industrial development cooperation and a positive investment and business climate at the international, regional, subregional and national levels in promoting the expansion, diversification and modernization of productive capacities in developing countries and countries with economies in transition;

"5. *Reaffirms* the need for initiatives stretching beyond those associated with economic adjustment and stabilization to support the survival and expansion of the productive sector in developing countries, especially in the least developed countries;

"6. *Emphasizes* the importance of a favourable international and national environment for the industrialization of developing countries, and urges all Governments to adopt and implement development policies and strategies that promote, within a framework of transparent and accountable industrialization policies, inter alia, enterprise development, foreign direct investment, technological adaptation and innovation, expanded access to markets and the effective use of official development assistance to enable developing countries to enhance an environment attractive to investment so as to augment and supplement domestic resources for the expansion, diversification and modernization of their industrial productive capacity in the context of an open, equitable, non-discriminatory, transparent, multilateral and rule-based international trading system;

"7. *Acknowledges* the interlinkage of globalization and interdependence, and reiterates the necessity of technology transfer to the developing countries as an effective means of international cooperation in the field of industrial development;

"8. *Confirms* the contribution of industry to social development, which should be viewed in the wider context of linkages between industry and agriculture and related services, as well as in the spin-off effects that enhance sectoral performance and social welfare, and notes that within the totality of these interlinkages, industry serves as a powerful source of the employment generation, income creation and social integration required for the eradication of poverty;

"9. *Recognizes* the continuing use of official development assistance also for industrial development in the developing countries, and calls upon donor countries and the recipient countries to continue to cooperate in their efforts to achieve greater efficiency and effectiveness of official development assistance resources devoted to industrial development cooperation;

"10. *Emphasizes* the importance, for developing countries, of financing for industrial development, including market-based mechanisms and instruments as well as innovative funding modalities, such as co-financing schemes and trust funds, debt-equity swaps and, as appropriate, other debt relief measures and official development assistance specifically designed to

strengthen the industrial capacities of developing countries through, inter alia, the facilitation of private capital flows and, in this regard, requests relevant entities of the United Nations system, including the United Nations Industrial Development Organization and the United Nations Conference on Trade and Development, in the context of their strategic partnership, to support developing countries and countries with economies in transition in their efforts to mobilize resources for industrial development, especially by means of investment promotion activities, development of small and medium-sized enterprises, an increase in the competitiveness of their exports, the encouragement of practices to promote employment in industries and various forms of business partnerships, such as industrial joint venture schemes, enterprise-to-enterprise cooperation and venture capital funds for industrial development;

"11. *Reiterates* the importance of cooperation and coordination within the United Nations system in providing effective support for the sustainable industrial development of developing countries, calls upon the United Nations Industrial Development Organization to continue to carry out its central coordinating role within the United Nations system in that respect, and welcomes its efforts to strengthen its cooperation with the rest of the United Nations system at both the headquarters and field levels by, inter alia, actively participating in the resident coordinator system, so as to enhance the effectiveness, relevance and development impact of such support;

"12. *Calls upon* the international community and the relevant bodies and organizations of the United Nations system, in particular the United Nations Industrial Development Organization, to support the efforts of the developing countries to intensify and expand industrial cooperation among themselves with respect to, among other things, trade in manufactured products, industrial investments and business partnerships, and industrial technology and scientific exchanges;

"13. *Requests* the United Nations Industrial Development Organization, in cooperation with the relevant organizations of the United Nations system, to continue to undertake the in-depth assessment, analysis and dissemination of best practices in the area of industrial policies and strategies and of lessons learned in industrial development, taking into account the effects of financial crises and the impact of globalization on the industrial structure of the developing countries, so as to support and boost South-South cooperation by providing practical insights and ideas for international industrial development cooperation and for economic and technical cooperation among developing countries;

"14. *Strongly urges* the donor community to provide adequate financial support to enable the United Nations Industrial Development Organization to fully implement its portfolio of integrated technical cooperation programmes and strengthen its global forum activities, as set out in the note by the Secretary-General;

"15. *Welcomes* the promising structural transformation and revitalization of the United Nations Industrial Development Organization as well as its new approach in providing comprehensive and integrated services to its member States and the strengthening of its field representation, and requests it to

continue to accord priority to the needs of developing countries, in particular the least developed countries and countries in the African region;

"16. *Also welcomes* the focus of the United Nations Industrial Development Organization both on the strengthening of industrial capacities and on cleaner and sustainable industrial development in the context of its new programme reorientation, as well as its cooperation with the relevant bodies and organizations of the United Nations system, in particular the United Nations Environment Programme;

"17. *Requests* the Secretary-General to submit to the General Assembly at its fifty-seventh session a report on the implementation of the present resolution."

6. At the 40th meeting, on 1 December, the Chairman of the Committee introduced a draft resolution entitled "Industrial development cooperation" (A/C.2/55/L.42), submitted on the basis of informal consultations held on draft resolution A/C.2/55/L.22.

7. At the same meeting, the Committee adopted draft resolution A/C.2/55/L.42 (see para. 15, draft resolution I).

8. After the adoption of the draft resolution a statement was made by the representative of Brazil (see A/C.2/55/SR.40).

9. In the light of the adoption of draft resolution A/C.2/55/L.42, draft resolution A/C.2/55/L.22 was withdrawn by its sponsors.

B. Draft resolutions A/C.2/55/L. 32 and A/C.2/55/L. 52

10. At the 34th meeting, on 15 November, the representative of Nigeria, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Towards a convention on the prevention of illegal transfer of funds and repatriation of funds to their countries of origin" (A/C.2/55/L.32), which read:

"*The General Assembly*,

"*Recalling* its resolutions 53/176 of 15 December 1998 on action against corruption and bribery in international commercial transactions and 54/205 of 22 December 1999 on the prevention of corrupt practices and illegal transfer of funds,

"*Concerned* about the seriousness of problems posed by corruption, which may endanger the stability and security of societies, undermine the values of democracy and morality and jeopardize social, economic and political development,

"*Recognizing* the importance of existing international and national laws for combating corruption in international commercial transactions,

"*Recognizing also* the important role of the business community, including the private sector, in enhancing the dynamic process of the development of the agricultural, industrial and service sectors and the need to create an enabling environment at the national and international levels for

business in order to facilitate economic growth and sustainable development of developing countries, most especially African countries, taking into account the development priorities of Governments and the principles of sovereignty and non-interference,

"*Mindful* of the very important role of the business community, including the private sector, in fostering economic growth and development and the role of the United Nations in embracing constructive principles and norms, such as honesty, transparency and accountability,

"*Noting* the report of the Secretary-General on the prevention of corrupt practices and illegal transfer of Funds,

"1. *Reiterates* its condemnation of corruption, bribery, money-laundering and the illegal transfer of funds;

"2. *Calls* for further international and national measures to combat corrupt practices and bribery in international transactions and for international cooperation in support of these measures;

"3. *Also calls* for, while recognizing the importance of national measures, increased international cooperation, inter alia, through the United Nations system, in regard to devising ways and means of preventing and addressing illegal transfers as well as repatriating illegally transferred funds to the countries of origin, and calls upon all countries and entities concerned to cooperate in this regard;

"4. *Requests* the international community to support the efforts of all countries aimed at strengthening institutional capacity and regulatory frameworks for preventing corruption, bribery, money-laundering and illegal transfer of funds;

"5. *Calls* for the commencement of preparatory work for the elaboration of a convention on devising ways and means to prevent and address the illegal transfer of funds and the repatriation of these funds to the countries of origin;

"6. *Decides* to keep this matter under review, and in this regard requests the Secretary-General to submit to the General Assembly at its fifty-sixth session an analytical report containing concrete recommendations with regard to the repatriation of illegally transferred funds to the countries of origin and to report on the progress made in the implementation of the present resolution."

11. At the 41st meeting, on 6 December, the Chairman of the Committee, introduced a draft resolution entitled "Preventing and combating corrupt practices and illegal transfer of funds and repatriation of such funds to the countries of origin" (A/C.2/55/L.52), submitted on the basis of informal consultations held on draft resolution A/C.2/55/L.32.

12. At the same meeting, the Committee adopted draft resolution A/C.2/55/L.52 (see para. 15, draft resolution II).

13. Also at the same meeting, the representative of the Russian Federation made a statement (see A/C.2/55/SR.41).

14. In the light of the adoption of draft resolution A/C.2/55/L.52, draft resolution A/C.2/55/L.32 was withdrawn by its sponsors.

III. Recommendations of the Second Committee

15. The Second Committee recommends to the General Assembly the adoption of the following draft resolutions:

Draft resolution I
Industrial development cooperation

The General Assembly,

Recalling its resolutions 46/151 of 18 December 1991, 49/108 of 19 December 1994, 51/170 of 16 December 1996 and 53/177 of 15 December 1998 on industrial development cooperation,

Recalling the United Nations Millennium Declaration, adopted by the heads of State and Government on 8 September 2000,[1]

Recognizing the increasing role of the business community, including the private sector, in enhancing the dynamic process of the development of the industrial sector,

Recognizing the importance of the transfer of technology to the developing countries as an effective means of international cooperation in the field of industrial development,

Taking note of the report of the Director-General of the United Nations Industrial Development Organization,[2]

1. *Reiterates* that industrialization is a key element in the promotion of the sustainable development of developing countries, as well as in the creation of productive employment, eradication of poverty and facilitation of social integration, including the integration of women into the development process;

2. *Stresses* the importance of domestic industrial transformation in developing countries as a way of increasing the value added of their export earnings, so that they may benefit fully from the process of globalization and trade liberalization;

3. *Recognizes* the need for industry to play an enhanced role in fighting the marginalization of developing countries;

4. *Underlines* the importance of industrial development cooperation and a positive investment and business climate at the international, regional, subregional and national levels in promoting the expansion, diversification and modernization of productive capacities in developing countries and countries with economies in transition;

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[1] Resolution 55/2.

[2] A/55/356.

5. *Reaffirms* the need, within the existing service modules of the United Nations Industrial Development Organization, for initiatives stretching beyond those associated with economic adjustment and stabilization to support the survival and expansion of manufacturing activity in developing countries, especially in the least developed countries;

6. *Emphasizes* the necessity of a favourable international and national environment for the industrialization of developing countries, and urges all Governments to adopt and implement development policies and strategies that promote, within a framework of transparent and accountable industrialization policies, inter alia, enterprise development, foreign direct investment, technological adaptation and innovation, expanded access to markets and effective use of official development assistance to enable developing countries to enhance an environment that is attractive to investment so as to augment and supplement domestic resources for the expansion, diversification and modernization of their industrial production capacity in the context of an open, equitable, non-discriminatory, transparent, multilateral and rule-based international trading system;

7. *Acknowledges* the interlinkage of globalization and interdependence, and reiterates the importance of the transfer of technology to the developing countries as an effective means of international cooperation in the field of industrial development;

8. *Confirms* the contribution of industry to social development, especially in the context of the linkages between industry and agriculture, and notes that within the totality of these interlinkages, industry serves as a powerful source of the employment generation, income creation and social integration required for the eradication of poverty;

9. *Recognizes* the continuing use of official development assistance also for industrial development in the developing countries, and calls upon donor countries and recipient countries to continue to cooperate in their efforts to achieve greater efficiency and effectiveness of official development assistance resources devoted to industrial development cooperation;

10. *Emphasizes* the importance, for developing countries, of financing for industrial development, including market-based mechanisms and instruments as well as innovative funding modalities, such as co-financing schemes and trust funds, debt-equity swaps and, as appropriate, other debt relief measures and official development assistance specifically designed to strengthen the industrial capacities of developing countries through, inter alia, the facilitation of private capital flows and, in this regard, requests relevant entities of the United Nations system, including the United Nations Industrial Development Organization and the United Nations Conference on Trade and Development, in the context of their strategic partnership, to support developing countries and countries with economies in transition in their efforts to mobilize resources for industrial development, especially by means of investment promotion activities, the development of small and medium-sized enterprises, an increase in the competitiveness of their exports, the encouragement of practices to promote employment in industries and various forms of business partnerships, such as industrial joint venture schemes, enterprise-to-enterprise cooperation and venture capital funds for industrial development;

11. *Reiterates* the importance of cooperation and coordination within the United Nations system in providing effective support for the sustainable industrial development of developing countries, calls upon the United Nations Industrial Development Organization to continue to carry out its central coordinating role within the United Nations system in that respect, and welcomes its efforts to strengthen its cooperation with the rest of the United Nations system at both the headquarters and field levels by, inter alia, actively participating in the resident coordinator system, so as to enhance the effectiveness, relevance and development impact of such support;

12. *Calls upon* the international community and the relevant bodies and organizations of the United Nations system, in particular the United Nations Industrial Development Organization, to support the efforts of the developing countries to intensify and expand industrial cooperation among themselves with respect to, among other things, trade in manufactured products, industrial investments and business partnerships, and industrial technology and scientific exchanges;

13. *Requests* the United Nations Industrial Development Organization, in cooperation with the relevant organizations of the United Nations system, as appropriate, to continue to undertake an in-depth assessment, analysis and dissemination of best practices in the area of industrial policies and strategies and of lessons learned in industrial development, taking into account the effects of financial crises and the impact of globalization on the industrial structure of the developing countries, so as to support and boost South-South cooperation by providing practical insights and ideas for international industrial development cooperation and for economic and technical cooperation among developing countries;

14. *Emphasizes* the need for financial support to enable the United Nations Industrial Development Organization to implement its technical cooperation programmes and strengthen its global forum activities and, at the same time, strongly urges present and former member States to pay their assessed contributions in full, on time and without conditions;

15. *Welcomes* the structural transformation and revitalization of the United Nations Industrial Development Organization as well as its new approach in providing comprehensive and integrated services to its member States and the strengthening of its field representation, and requests it to continue to support the industrialization efforts of developing countries and to continue to accord priority to the needs of the least developed countries and countries in the African region;

16. *Also welcomes* the focus of the United Nations Industrial Development Organization both on the strengthening of industrial capacities and on cleaner and sustainable industrial development in the context of its new programme orientation, as well as its cooperation with the relevant bodies and organizations of the United Nations system, in particular the United Nations Environment Programme;

17. *Requests* the Secretary-General to submit to the General Assembly at its fifty-seventh session a report on the implementation of the present resolution.

Draft resolution II
Preventing and combating corrupt practices and illegal transfer of funds and repatriation of such funds to the countries of origin

The General Assembly,

Recalling its resolutions 53/176 of 15 December 1998 on action against corruption and bribery in international commercial transactions, 54/205 of 22 December 1999 on the prevention of corrupt practices and illegal transfer of funds and 55/61 of 4 December 2000 on an effective international legal instrument against corruption,

Concerned about the seriousness of problems posed by corruption, which may endanger the stability and security of societies, undermine the values of democracy and morality and jeopardize social, economic and political development,

Recognizing the importance of international cooperation and existing international and national laws for combating corruption in international commercial transactions,

Noting with appreciation the recent adoption of the United Nations Convention against Transnational Organized Crime and its two Protocols,[3]

Recognizing also the important role of the business community, including, in particular, the private sector, in enhancing the dynamic process of the development of the agricultural, industrial and service sectors and the need to create an enabling environment at the national and international levels for business in order to facilitate economic growth and sustainable development of developing countries, most especially African countries, taking into account the development priorities of Governments,

Mindful of the very important role that the private sector can play in fostering economic growth and development and of the active involvement of the United Nations system in facilitating the constructive participation and orderly interaction of the private sector in the development process by embracing universal principles and norms, such as honesty, transparency and accountability,

Noting the report of the Secretary-General on the prevention of corrupt practices and illegal transfer of funds,[4]

1. *Reiterates* its condemnation of corruption, bribery, money-laundering and the illegal transfer of funds;

2. *Calls* for further international and national measures to combat corrupt practices and bribery in international transactions and for international cooperation in support of these measures;

3. *Also calls* for, while recognizing the importance of national measures, increased international cooperation, inter alia, through the United Nations system, in regard to devising ways and means of preventing and addressing illegal transfers, as well as repatriating illegally transferred funds to the countries of origin, and calls upon all countries and entities concerned to cooperate in this regard;

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[3] Resolution 55/25, annexes I-III.

[4] A/55/405.

4. *Requests* the international community to support the efforts of all countries to strengthen institutional capacity and regulatory frameworks for preventing corruption, bribery, money-laundering and illegal transfer of funds, as well as for the repatriation of those funds to the countries of origin;

5. *Reiterates its request* to the Secretary-General, as contained in resolution 55/61, to convene an intergovernmental open-ended expert group to examine and prepare, on the basis of the report of the Secretary-General and of recommendations of the Commission on Crime Prevention and Criminal Justice at its tenth session, draft terms of reference for the negotiation of the future legal instrument against corruption, and invites the expert group on the same basis to examine the question of illegally transferred funds and the repatriation of such funds to the countries of origin;

6. *Decides* to keep this matter under review and, in this regard, requests the Secretary-General, in consultation with Member States and relevant bodies of the United Nations system, to prepare, without duplicating material contained in the report requested by the Assembly in resolution 55/61, an analytical report containing information on the progress made in the implementation of the present resolution and, bearing in mind resolution 54/205, concrete recommendations, inter alia, with regard to the repatriation of illegally transferred funds to the countries of origin, and to submit the report to the General Assembly at its fifty-sixth session under the item entitled "Sectoral policy questions: business and development".